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By Thomas A. Corfman

Next-door condo owners in dispute with Spire developer

(Crain's) — The condo owners in the River View complex next to the proposed Spire skyscraper are fighting a plan by Irish developer Garrett Kelleher to build a portion of the tower's foundation on a narrow strip of land owned by their condominium association.

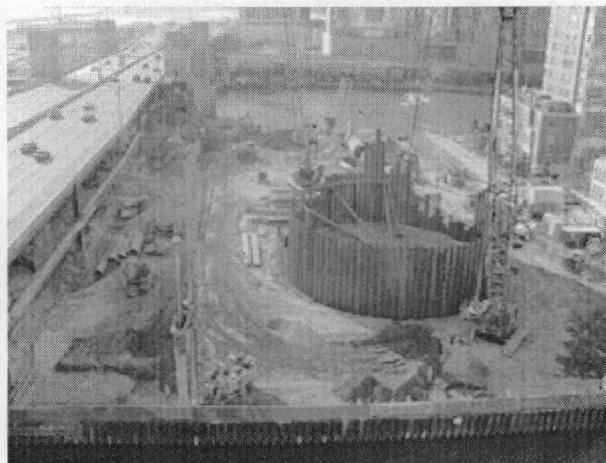
The opposition comes after Mr. Kelleher's Shelbourne Development Group Inc. admitted that some high-priced townhouses along the base of the River View development would sink about two inches, although the company downplayed the drop, saying it would cause only cosmetic damage.

The townhouses rest on a foundation that is separate from the condo high-rises at River View, a two-tower complex along the north bank of the Chicago River, west of the site of the Spire.

The association has filed an objection to Mr. Kelleher's plan with the city's Department of Construction and Permits, which is reviewing an application for a foundation permit for the 150-story skyscraper. Some foundation work is already under way for the project, to be located on a 2.2-acre site between River View and Lake Shore Drive controlled by Chicago-based Shelbourne, where Mr. Kelleher is executive chairman.

Chicago attorney Thomas J. Murphy, who represents Shelbourne, did not return calls requesting comment.

The Spire site is shaped like the state of Utah, with a key rectangular portion of the property owned by River View. Mr. Kelleher contends he has the right to build under that property based on an easement agreement with the condo association that was filed Aug. 9 with the Cook



The Spire construction site on Tuesday. Photo: Butler Adams



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County Recorder of Deeds. In return for a payment of \$500,000, sources say, the condo association believed it was merely giving Shelbourne the right to run utility lines through the property.

The association is now seeking to rescind the agreement and has returned the payment, sources say. A spokesman for the Permits Department says Shelbourne has filed a revised foundation permit application that does not include the contested area.

But the dispute also involves the cost of preventive measures necessary to protect the River View buildings. For example, without the condo association-owned parcel, Mr. Kelleher would build an eight-level, below-grade parking garage, instead of the seven levels of parking currently planned.

The dispute, which is likely to add further delay to 1,200-unit Spire, is another apparent blunder for the project. In September, Mr. Kelleher had to push back the Spire's marketing campaign until January because of delays with regulatory filings required by the federal government.

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The missteps raise questions about Mr. Kelleher's ability to complete a project that would challenge even most experienced high-rise developers in the city.

"Is there confidence in this man? I don't know," says developer Ronald Shipka Sr., chairman of Chicago-based Enterprise Cos.

During a Monday-night meeting between the River View condo association and Shelbourne executives, high-rise owners also complained that vibrations from the massive project were shaking the east tower of the two-tower complex, at 415 and 445 E. North Water St.

They also complained that Shelbourne executives have started work without adequately describing their plans to the association.

During the Monday meeting, real estate attorney David Grossberg, hired recently by the association, told residents that the easement agreement was "very much in dispute," and said the association had filed an objection with the city to Shelbourne's foundation permit application.

On Wednesday, Mr. Grossberg, a partner in Chicago-based law firm Schiff Hardin LLP, declined to comment.

The dispute was first reported by the Chicago Sun-Times.

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